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July 11, 2022

The Honorable Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance
90 Elgin Street
Ottawa, Ontario K1A 0G5

Dear Deputy Prime Minister:

I write to request a meeting to discuss the Underused Housing Tax. I was disappointed to see that on June 9th, the Government of Canada gave royal assent to Bill C-8, which as you know includes the one percent annual tax on the value of vacant or underused residential properties in Canada owned by non-Canadians. My constituents will be directly impacted by this tax, and I would appreciate the opportunity to discuss its implementation with you.

The Western New York and Southern Ontario regions share a special and historic binational cottage culture. As such, many of my constituents own modest vacation properties in beachfront communities in Southern Ontario. Since March 21, 2020, the border between the United States and Canada has been closed or restricted in various capacities, leaving American property owners unable to access their cottages in the same manner they have been accustomed to for decades. To enact a tax on cottage owners is counter to our nations' shared mission of restoring cross border traffic to pre-pandemic levels.

While the current law includes some exemptions to the Underused Housing Tax, it lacks guarantees that would exclude all American cottage owners from this tax. For example, cottage ownership structures are diverse, and often shared between families. Current exemptions do not take these shared responsibilities into account. Additionally, many of my constituents own cottages in Fort Erie, where the population is listed as 30,710 people. This makes Fort Erie too large to qualify for the exemption regarding vacation homes in communities with a population less than 30,000 people.

It is my strongest hope that the Government of Canada will take any and all steps available to ensure Americans are not adversely impacted by this policy. I appreciate Prime Minister Trudeau's efforts to address the cost of housing, which is a challenge in the United States as well. However we must ensure that the policies enacted do not have unintended consequences. I am concerned that potential consequences include a widespread sale of American-owned properties as the taxes become too burdensome for American citizens to bear. This would negatively affect both of our countries' economies and would weaken the strong and treasured U.S.-Canada relationship, as well as destroy a time-honored tradition in Western New York and Southern Ontario.

I look forward to meeting at your earliest possible convenience. I appreciate all of the bilateral work that our nations have embarked upon in the past, and I am eager to discuss how we can make this tax favorable for both our nations. Thank you for your consideration of this important matter, and I look forward to hearing from you soon.

Sincerely,

A handwritten signature in blue ink that reads "Brian Higgins" with a stylized flourish at the end.

BRIAN HIGGINS
Member of Congress